



*External Relations: Commercial
Policy and Relations with North America,
the Far East, Australia and New Zealand*

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Commission approves Action Plan for Transatlantic Economic Partnership

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The European Commission approved a draft Action Plan to enhance trade relations with the United States. The draft plan proposes intensified co-operation on multilateral trade issues, as well as bilateral action to address the real barriers which remain to transatlantic trade. It proposes the negotiation of agreements to tackle barriers to trade in the fields of goods, services, government procurement and intellectual property. The proposal follows agreement at last May's European Union and United States Summit on a joint statement which launched the Transatlantic Economic Partnership (TEP). The Commission Plan will now be submitted to the Council of Ministers, and will be discussed with the US. It is hoped that a joint EU/US plan will be endorsed at the next EU-US Summit in December in Washington.

Sir Leon Brittan, European Commission Vice President, said:

"This draft plan takes forward an important EU initiative. These proposals will stimulate growth and benefit businesses and consumers on both sides of the Atlantic. They will enhance the EU/US relationship as a pole of stability in a turbulent world economy and as the driving force for multilateral trade liberalisation. Bilaterally we want to remove barriers, avoid costly disputes, and promote high environmental and consumer protection standards."

The TEP includes both multilateral and bilateral elements. Bilaterally, the core element of the TEP proposal is to tackle those trade issues – mainly regulatory barriers – which are now the main obstacle to transatlantic business. If these barriers are properly dealt with there is the promise of substantial new economic opportunities for European firms and consumers. The second part of the proposal is for the EU and the US to stimulate further multilateral liberalisation – by joining forces on international trade issues particularly to prepare new multilateral negotiations in the WTO. An innovative aspect of the proposal is the Commission's determination to integrate labour, business, environmental and consumer issues into the process.

In the bilateral field the plan proposes the removal of regulatory barriers to trade in both goods and services by closer co-operation between regulators, including more effective mutual recognition. In services, spearhead projects will include mutual recognition of professional qualifications for architects and engineers. The plan also proposes an agenda of liberalisation in government procurement and intellectual property; as well as measures in fields of consumer and plant health, biotechnology and the environment. The Plan (also) proposes an early warning system to minimise disputes in areas such as food safety and genetically-modified crops.

In the multilateral field the Commission proposes regular dialogue with the US to reach a closer understanding on the key issues that will be tackled in new multilateral trade negotiations starting in 2000. The aim is to co-ordinate our approaches and objectives wherever possible across the agenda, including the implementation of WTO agreements, dispute settlement, services, agriculture, trade facilitation, industrial tariffs, intellectual property rights, investment, competition, government procurement, environment, WTO accessions, developing countries, electronic commerce and labour standards.

BACKGROUND

Trade and investment links between the EU and the US already constitute the world's largest economic partnership. However, transatlantic trade and investment continue to be hampered by a significant number of barriers, mainly of a non-tariff kind. The New

Transatlantic Agenda (NTA) of December 1995 already committed the EU and the US to reduce or eliminate barriers which hinder the transatlantic flow of goods, services and capital and jointly to pursue similar market opening internationally. Significant progress has been made since then: there are already agreements on mutual recognition of conformity assessment, on customs co-operation, on competition policy and on trade in information technology products.

At the London EU-US Summit of 18 May 1998, Summit Leaders gave fresh impetus to this process. In a joint statement on the Transatlantic Economic Partnership they identified a series of multilateral and bilateral actions to strengthen further the economic partnership, to reduce frictions and to promote prosperity on both sides of the Atlantic. They agreed to establish a Joint Plan, with a timetable for achieving specific results, and to take all necessary steps to allow its rapid implementation, including any necessary authority to start negotiations.

The EU and the US are each other's single largest trading partner: in 1997 they traded goods worth ECU 277.000 million - around 20% of world trade in goods. High added value goods like high-tech products account for 20% of this transatlantic trade. In 1996 EU-US trade in services - the most rapidly growing sector of the economy - accounted for over 35% of total bilateral trade at around ECU 124.000 million. The EU and US have by far the world's most important bilateral investment relationship, and are each other's most important source and destination for foreign direct investment (FDI). The EU is by far the biggest investor in the US accounting for 59% of total foreign direct investment stocks (FDI) by 1996. At the same time 51% of FDI stocks in the EU originate in the US.

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